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GARTNER GROUP, INC.

DDA-88-2538X

December 1, 1988

Dear Friend:

I am pleased to enclose a preliminary agenda for our Financial Strategies Conference, January 18-20, 1989, in New Orleans, Louisiana.

This conference, sponsored by Gartner Group's Financial Strategies (FS) service, will focus on asset management from both the user (lessee) and lessor perspective. The general sessions will cover leasing market trends, the challenges and changing roles of the CIO and CFO, and acquisition strategies across key computer and communication product lines. Breakout sessions will address the problems and uncertainties of lessors and users, in an effort to assist attendees in developing optimal resolutions and strategies.

I recommend that you register as soon as possible to reserve your seat. To register, or if you have any questions, please contact Ashley Pearce at (203) 967-6757. If you cannot attend, we would, as always, welcome any of your associates.

I look forward to seeing you at our conference.

Sincerely,
GARTNER GROUP, INC.

Jann-Marie Halvorsen

Jann-Marie Halvorsen
Vice President and Director

Gartner Group Financial Strategies Conference

Preliminary Agenda

***Hotel Intercontinental New Orleans
New Orleans, Louisiana***

January 18-20, 1989

This conference is essential for:

- **CFOs, MIS executives and financial analysts responsible for acquisition and financing decisions relevant to computer and communications equipment.**
- **Leasing company executives and managers responsible for strategic planning, marketing, pricing and portfolio management.**

KEY CONFERENCE BENEFITS

Sponsored by Gartner Group's Financial Strategies (FS) service, this conference will focus on asset management from both the user (lessee) and lessor perspective. General sessions will cover leasing market trends, the challenges and changing roles of the CIO and CFO, and acquisition strategies across key computer and communication product lines. Breakout sessions will address the problems and uncertainties of lessors and users, in an effort to assist attendees in developing optimal resolutions and strategies.

BENEFITS:

Users (lessees) will enhance their ability to:

- Maximize return on investment
- Formulate long-term technology and financial strategies
- Create synergy between the MIS and finance departments
- Meet corporate information technology objectives more cost-effectively
- Track residual values to optimize the timing of equipment acquisitions, upgrades and disposition
- Explore and evaluate used vs. new equipment alternatives
- Evaluate lease vs. purchase strategies and analyze lease proposals
- Leverage negotiations of lease terms and conditions more beneficially
- Employ procurements in the most cost-effective fashion

Lessors will receive information and analyses essential to the successful implementation of:

- Effective portfolio management based on an understanding of changing product life cycles
- Long-term business plans that reflect the current dynamics and anticipated trends in the leasing environment
- Niche strategies outside of the IBM commodity priced marketplace
- Competitive analysis
- Marketing programs to counteract "low-bid" expectations in a buyer's market
- Pricing policies

Presentations include:

- **Keynote: The Changing Environment of the Leasing Market -- The Next Five Years**
- **IBM: A Leasing Industry Perspective**
- **CIO vs. CFO: How to Achieve Synergy**
- **IBM-Compatible Large Systems Pricing Strategies**
- **Lease Negotiating Strategies and Tactics**
- **New Product Marketing Opportunities for Lessors**
- **CIO/CFO Panel Discussion**
- **Large Lessors Panel Discussion**
- **Asset Management Strategies: CPUs, DASD, PCs and PBXs**

DOCUMENTATION

Each attendee will receive a binder containing all presentation materials and speaker notes. This will be a valuable resource for making presentations, for reference, and for substantiating the positions taken as a result of attending the conference.

A glossary of appropriate terms will be included.

WHO SHOULD ATTEND?

Users: CFOs, financial and MIS executives, senior managers and analysts whose responsibilities include strategic and financial planning, investment management related to computer and communications equipment, procurement policies, financing recommendations and the lease evaluation and negotiation process.

Lessors and Vendors: Executives and managers responsible for product, marketing and pricing strategies; strategic planners and competitive analysts; and sales and marketing executives who will benefit from an enhanced perspective on key issues related to the computer and communication equipment leasing marketplace.

AGENDA

Gartner Group Financial Strategies Conference

Hotel Intercontinental New Orleans
New Orleans, Louisiana

January 18 - 20, 1989

Wednesday, January 18

KEYNOTE: *The Changing Environment of the Leasing Market into the 1990s.*

Speaker: Jann-Marie Halvorsen, Vice President and Service Director, Financial Strategies (FS) service, Gartner Group.

As users continue to accept the low-bid expectations of a lessees' market complacently, lessors must meet bids with fingers crossed, or diversify out of the IBM commodity-priced leasing marketplace into higher-margin businesses. Diversification efforts are accelerating as IBM and IBM Credit Corporation (ICC) continue an increasingly aggressive move into the leasing arena. The resulting shift in the market will mean higher prices and less flexibility to the unwary lessee.

Ms. Halvorsen will present the most likely scenario of the evolving leasing industry into the 1990s and its impact on lessee, lessor and vendor strategies. Key issues will include:

- What strategies should users employ to prepare for the coming lessors' market?
- What are the hidden pitfalls to users in a seemingly lessees' market?
- Will ICC's changing strategic direction effectively lock out competition?
- How can lessors survive the increasingly competitive marketplace?
- Will non-IBM vendors provide users attractive financing alternatives?
- Is going with a vendor-captive leasing company a "safe bet?" What are the inherent risks to one-stop shopping?

IBM: A Leasing Industry Perspective

Special Featured Industry Speaker: Kenneth A. Bouldin, President, Computer Dealers and Lessors Association.

As head of the largest computer leasing trade association in the world, Mr. Bouldin will lend a unique insight into the current dynamics of the U.S. leasing industry. He will focus on the strategic issues facing lessors and what those issues could ultimately cost lessees should they be left unresolved.

Thursday, January 19

Breakfast With the Analysts

CIO and CFO: How to Achieve Synergy

Speaker: **Darrell Balmer**, Program Director, Financial Strategies (FS) service, Gartner Group.

A recurring theme among Gartner Group clients is the challenge to meet the needs of both the MIS and finance departments. Increased MIPS requirements no longer carry the argument at budget sessions, as CFOs and their staffs struggle to stay within slashed capital expenditure allowances. Meanwhile, the MIS department finds it more difficult each year to meet its constituency's growing needs. Mr. Balmer will analyze these conflicting interests and the inherent communication barriers between these two corporate groups, while recommending strategies for significant improvements. Key issues will include:

- What lines of communication are most effective?
- How can the needs of the CIO and CFO best be fulfilled?
- How can MIS and finance cooperate to justify expenditures better in light of corporate objectives?
- How does the MIS department quantitatively justify its decision to choose a lessor relationship over lowest bid?
- What are the shortcomings of the typical equipment acquisition decision process? How can the process be improved?

IBM and Compatible Large Systems Pricing Strategies

Speaker: **Mike Chuba**, Program Director, IBM Large Computer Market (ILCM) service, Gartner Group.

The future direction of IBM pricing strategies in high-end systems requires users to change their negotiation tactics significantly to realize the best deal. The used vs. new and PCM vs. IBM alternatives facing users suggest additional opportunities for lessors as well. Mr. Chuba will look at how IBM's pricing policies are expected to evolve into the 1990s; how users can minimize cost; and how lessors can maximize opportunities. Key issues will include:

- How might IBM amend its special bid and VPA offerings? What opportunities for savings can users expect?
- What new pricing structures can be expected?
- What affects will changing IBM pricing policies have on the IBM and PCM secondary markets? On used vs. new decisions? On timing?
- To what extent will IBM adjust its upgrade pricing?

Break-out Session I: USERS

Lease Negotiating Tactics: Users Beware

Speaker: Jann-Marie Halvorsen

The seemingly lessees' market abounds with hidden pitfalls, found primarily in the lease documentation itself. "Flexible" early out clauses, upgrade commitments, purchase option alternatives (or lack thereof), and "protective" languages have lulled many users into a dangerous complacency. Ms. Halvorsen will explore the labyrinth of the master lease and schedule, while offering sound guidelines designed to minimize risk in negotiating some of the supposedly attractive financing packages available today. Key issues will include:

- What are the significant criteria underlying lessor selection?
- When to "flex," and when not to?
- What should a user beware of in the various upgrade options available today?
- How can a lessee leverage the ICC relationship?
- How can the user effectively negotiate with non-IBM vendor leasing companies?
- What assurances does a lessee have against non-performance?
- What are the dangers inherent in a sublease?

Break-out Session I: LESSORS

Panel Session: Gartner Group analysts and representatives from the industry will present estimates for marketing opportunities in new equipment areas, including midrange and PBX. New financial product niches and international market opportunities will also be explored, including the challenge and opportunities of cross-border leasing and buy/sell strategies in Europe, the developing Canadian trade and the growing Asian markets.

Break-out Session II: USERS

CIO/CFO Panel Discussion

Moderator: Darrell Balmer

A panel of representatives from MIS and financial departments of large companies will discuss the benefits of bridging the communication gap. Topics will include the budget proposal process, cost-justification methods and the success of charge-back schemes. User attendees are encouraged to make this an interactive session.